Royal Commission on Coal

PRESENTATION
OF
THE TOWN OF GLACE BAY

Sydney, Nova Scotia March A. D. 1960

ROYAL COMMISSION ON COAL

SYDNEY, NOVA SCOTIA MARCH, 1960

To enquire into and make recommendations concerning:

(a) the present and future markets for coal as a source of energy in the various regions of Canada;

(b) the steps that can reasonably be taken to reduce the cost of production of coal in the various coal producing areas of Canada and the costs of its distribution to Canadian markets;

(c) the steps that the Canadian coal producing industry can take to secure as large a market as possible for Canadian coal and to place and maintain their industries on an economic basis;

(d) the measures that can reasonably be adopted by governments to support the economic production, distribution and sale of Canadian coal, and

(e) such other related matters as the Commissioner considers appropriate in reporting on those specified above.

INTO

INTRODUCTION:

Cape Breton Coal Fields.
Operators.
Working Force.
Governments - Federal, Provincial
Municipal.

HISTORY OF MINING OPERATIONS:

Early coal mined.
Early marketing.
Assistance by Subvention.

MUNICIPAL PROBLEM:

Role of the Mining Towns.
Responsibility.
Maintainance of Services.
Interests in Future.

RECOMMENDATIONS:

Leaven of Frankness.
Coal has a Future.
Act of Faith in the Industry.
Financial Assistance.
No closure unless other employment provided.

CONCLUSION:

INTRODUCTION

CAPE BRETON COAL FIELDS

It has been said that to modern civilization there has been no other substance in nature excepting air, soil and water so important as coal. It is a potential dynamo derived from the dense decayed vegetation of hundreds of years. Within each piece of coal is a vast store of energy derived from the sun, the better the grade the more carbon it contains, and when coal is burned in combination with oxygen the intense heat, hoarded from the rays of the sun years ago, is released. It is the working power of coal which makes it so important to man. One pound of coal burning in a modern engine can produce as much work as a man doing hard labour in an entire day.

There are many varities of coal, but we in Nova Scotia and more particularly Cape Breton, are concerned with bituminous coal since all coal in Nova Scotia is of this class. Bituminous coal is a medium to high rank black coal with coking qualities, poorly developed in high volatile coals, but well developed in medium to low volatile coals.

There are ten coal fields in Nova Scotia, the most important being our own Sydney Coal field on Cape Breton Island. The coal produced here is mostly Grade "A" bituminous, generally good coking coal but having a relatively high sulphur content, it is handicapped for us in the manufacture of metallurgical coke and gas. It is an excellent steam generating coal. Modern steam boilers such as those in use in the Thermal Power Plant, Glace Bay and the Disco. Plant at Sydney using this coal in pulverized form achieve an efficiency of approximately 88%.

The Cape Breton Coal field is the most important in the Maritimes providing 80% of the total Nova Scotia output and over 30% of total Canadian production. Though this field has been extensively mined for over one hundred twenty years

Dove Brook Coal Field

It has been said that to obtain stabilization there had to be other industries in Nova Scotia besides coal, and that is important to each. It is a potential hydro-electric field the large drainage area of Nova Scotia. Within each close or coal is a vast store of energy derived from the sun. The better the grade the more energy it contains, and when used in engines to generate electricity the latent heat, released from the grade of the coal, is released. It is the working model of coal burning engine is so important to man. The ground of coal burning is a modern engine can do-more as much work as a man doing hard labour in an entire day.

There are many varieties of coal. Our ones in Nova Scotia are very particularly Dove Brook, are composed with bituminous coal. All coal in Nova Scotia is of this class. Bituminous coal is a medium to slow burning coal with coking qualities, readily decomposed in mine ventilation coals, but coal developed in certain to low volatile coals.

There are two coal fields in Nova Scotia, the most important being the one Sydney coal field on Cape Breton Island. The coal burned here is mostly grade "A" bituminous, generally good coking coal but having a relatively high moisture content, so it needs more for in the manufacture of metallurgical coke and coke. It is an excellent steam generating coal. Nearer steam boilers such as those in use in the Thermal Power Plant, Nova Sydney and the Stone Plant at Dartmouth using this coal in multivalent form achieve an efficiency of approximately 70%.

The Cape Breton Coal Field is the most important in the Maritimes providing 90% of the total from Nova Scotia mines and over 30% of total Canadian production. Though this field has been extensively mined for the past two hundred twenty years

the remaining reserves are considerable (see Map 4 page 14, Royal Commission on Coal 1946). The seams in this field move inland from the shore to a maximum distance of eight miles covering a land area of two hundred square miles, unfortunately most of the readily available coal has been mined (Royal Commission on Coal 1946, Page 13). The area includes twelve seams of commercial importance ranging in thickness from three to seven feet. Eleven of these have been or are being mined. Much has been said of the quality of the coal produced in this area and many miner differences have been noted in quality of the product recovered from the various seams. A typical analysis of coal mined in the Cape Breton field is set out in the Report of the Royal Commission on Coal at page 14 as follows:

Moisture	4. %
Ash	8.4%
Volatile Matter	32.2%
Fixed Carbon	55.4%
Sulphur	2.9%
Calorific Value	13.340 B.T.U. to lb.
F.P.A.	2.025 F°

Dominion Steel and Coal Company in its submission to the Royal Commission on Coal in 1946 estimated the reserves of recoverable coal at 402.800.000 long tons in its Cape Breton mines. The Nova Scotia Steel and Coal Company, operating Old Sydney collieries, estimated its recoverable coal at 42,250,000 long tons. The Provincial Department of Mines estimate, submitted at the same time, considered 976,800,000 long tons available for immediate production. This last figure, of course, was based on the entire coal field. The Commission estimated the tonnage of recoverable coal at 1,764,184,000 short tons (see page 16, Royal Commission on Coal, 1946).

Coal mining in this area is extensively submarine mining and has developed to a stage for beyond the plans of early mining men. Technical advances have made this possible and it is hoped further improvements will allow greater expansion at not too high a cost. By agreement of all, however, the life of this coal field will be determined not by failure of the coal deposits but by the ability to recover the coal at a reasonable cost.

OPERATORS

The principal coal operator, for many years now, has been Dominion Coal Company and it controls the majority of the mines in the Cape Breton Coal field. Nova Scotia Steel & Coal Company is operating the mines on the north side of Sydney harbour. Of late operations of the Dominion Coal Company have been taken over by A.V. Roe (Canada) Limited. Two years ago when this new Company was in the process of absorbing the Dosco chain of industries into its vast complex, its officials stated that they were aware of the importance of Dosco to the Maritime Provinces. They further stated that it would be the policy of Avro to strengthen and maintain the separate identity and autonomy of Dosco within the framework of Avro's Canadian group. They also pointed out that they felt association with the Hawker-Siddeley Group of England would substantially strengthen Dosco's business contacts abroad. They said they hoped to see an increase in the business done by all their Canadian Companies as success of the whole Group depended on the success of each individual unit. We should have reason to expect that this group with great physical and financial resources, representing the largest private research development and engineering force in Canada should be able to make a worthwhile contribution to the solution of at least some of the problems facing the Coal Mining Industry.

WORKING FORCE

Having said this, I think it only fair that we say something of the working force, which makes up the mining population of Cape Breton Island and Nova Scotia generally. Historically, Cape Breton Island, can and does lay claim to some important precedents in the annals of North America. Supposedly, Leif Erickson and his vikings, who made the first crossing of the Atlantic, sighted Cape North five hundred years ago. Signor Marconi sent his first wireless message from Table Head in the Ward 5 District of Glace Bay. These and other items of historical interest on the Island of Cape Breton are worthy of note.

Glace Bay has been called the coal mining capital of Canada. It's not only a centre in relation to its neighbouring districts of Donkin, Morien, Tower Road, Reserve and other adjacent areas, but it has a common interest with all citizens of these areas as wage earners in the coal mining industry. Probably no better example could be found of mining town development than Glace Bay. It was carried on with a spirit of self-determination from its establishment in the early fifties along the lines of the proverbial, straggling, mining Community, but it lost no opportunity, as time went on, to assert itself, a fact which seems incidental to mining organization, in its initial stages. There were, for example, many years ago company houses owned entirely by the employer and rented by the working force. These have now been sold to the miner occupants with the result that in the Town of Glace Bay, there is today a majority who are property tax payers rather than a minority as was the case many years ago. The Town of Glace Bay is the principal centre, its population twenty-five thousand approximately, is spread over about ten square miles of territory. Of course, it must be said, there was little deliberate planning in the Town

growth because this was impossible. The growth of the Town followed the location of the collieries set up by the operators. This explains the division of the Town into various sections such as Bridgeport, Caledonia, the Hub, The Sterling, East Slope, Number Two, Number Three, Number Eleven and other local sub divisions designated by the name of the mine located in the immediate vicinity.

The Town of Glace Bay, its inhabitants and, of course, the surrounding area, is almost solely dependent on the success of coal mining for its very existence. The Town was incorporated in Nineteen Hundred and One. It has sixty-four miles of streets with a school population of some 6,900 as of December 31, 1959. Within the Town are operated three coal mines, Number Four, Caledonia, Number Twenty in New Aberdeen district and Number Twenty-six colliery also in the New Aberdeen district but almost adjacent to the neighbouring Town of Dominion. Any mine closure or curtailment of production would seriously affect the life of the Town, since the great percentage of the working population in this Community is employed at coal mining. In Glace Bay and the group of smaller communities which cluster about it, the Dominion Coal Company furnishes the background against which life circulates. This Company, taken over two years ago by A.V. Roe, was formed back in 1893 from a group of smaller competing Coal Companies which had their origin as far back as 1858. This Company also operates the Sydney and Louisbourg Railway, the Steel plant in Sydney, and the Seaboard Power Corporation in Glace Bay. Both Management and Labor are dependent on outside economic forces, and both have met periods of storm and stress, and, have emerged with a growing sense of mutual self respect and joint responsibility all directed to the common good of the Community. Perhaps, the best example of common effort that can be cited for the information of the

Commission is the erection of the Community owned Glace Bay Miners' Forum built as a Community enterprise and to which both Miners and operators contributed generous financial support with the citizens at large in the Town of Glace Bay.

To sum up, I think we might well ask, "Who is the coal miner?" Specifically, "Who is the Cape Breton miner?" The Cape Breton coal miner because of his long association in the community in which he lives has a strong tradition of local pride. Most descend from settlers who came to Canada in the 18th and 19th century from the British Isles. According to the figures submitted to the Royal Commission on Coal in 1946, four fifths of the men employed in the Coal Mining Industry in Nova Scotia, at the time of the 1941 Census, were Canadian born, fourteen per cent born in the British Isles. Of these, three quarters had always lived in Nova Scotia, and virtually all the rest had been there for over ten years. He is a man with an interest in his union and in his community. Perhaps, the greatest evidence of joint participation with his employer is the Dominion Coal Workers' Relief Association, a mutual benefit society, operating on a democratic basis which has been set up to provide relief in case of sickness and to pay claims in case of death. These amount to well over two hundred thousand dollars each year. The Society functions out of a small office located in the General Offices of the Company and the Miners, Company, and Provincial Government all contribute to the funds included in its annual receipts and benefits. The coal miner too subscribes to the check-off which though having many disadvantages has advantages too. Speaking on behalf of the Town of Glace Bay and the adjoining areas, the check-off system enables us to collect a substantial part of our taxes. It also enables the worker and his family to have prepaid medical care. It helps him assist in the operation,

in the Town of Glace Bay, of two community owned hospitals. Through this same system he contributes to the support of his church. There are eighteen churches in the Town of Glace Bay alone, dependent for financial help on the Check-off. All these features directly arising from operation of the coal mining industry, benefit the coal miner and his community.

In the beginning we asked, "Who is the coal miner?" "What is he like?" "What is his attitude towards life?" The coal miner of Cape Breton has long been loyal to his community. He participates in such organizations as the Dominion Coal Workers' Relief Association. He belongs to his union, The United Mine Workers' of America, District 26, one of the few organizations in the whole of the United Mine Workers Organization enjoying district autonomy. It is not affiliated with the Canadian Labor Congress. The Coal Miner is a strong advocate of co-operative housing as administered by the Nova Scotia Housing Commission. He is an active participant in Credit Unions, he believes in community organizations, and can be depended upon to take an active part in them. He is a loyal citizen, in time of war those not accepted for military service stayed on to produce coal, so much needed for the war effort, at reduced wages. He is the individual who belongs to the Community where the enlistment record was always high.

The coal miner is a good citizen, a true friend, a loyal neighbor. He is a devoted family man, strong in the belief that his children should have educational opportunities which he was not privileged to have. More than one Maritime University numbers in its student body, sons of Cape Breton miners. He has a right to be allowed to continue to live in his community to earn his living in dignity, and to enjoy the modest benefits which are the right and title of any citizen in this great Dominion. This, I suggest is his principal interest in

the continuation of the Coal Mining Industry in Cape Breton.

G O V E R N M E N T S

Now let us look for a moment at the attitude of Government; Dominion, Provincial and Municipal. The Federal Government has set up the system of Subvention payments, which enable Nova Scotia coal to compete in part of Central Canada with imported American coal. It is hard for people to understand but Subvention Payments actually mean nothing, by way of wages, in the pay envelope of the coal miner. The Subvention system is designed to make Nova Scotia coal competitive with imported American coal. The Federal Government by Subventions, increased last year with the help of the Province of Nova Scotia has helped Nova Scotia coal move to centers in Canada where it was not competitive before.

This, of course, brings up the question of the Seaway. It is extremely difficult to understand why if the Seaway is of benefit to central Canada and will perhaps afford American coal an opportunity of cheap transportation to Montreal, long a traditional market for Nova Scotia Coal, it cannot benefit Nova Scotia too. Why then is it not possible to move Nova Scotia coal, at a cheaper rate, further up the Saint Lawrence and into the industrial centers of Ontario where large amounts of coal are presently used and more will be needed as Ontario Hydro Electric Commission put into operation new Thermal Power plants. Many of the boats used to move Nova Scotia coal are not equipped to unload at docks in the Great Lakes area. An investigation should be instituted without delay to determine whether it would be feasible to have a fleet of self-unloading vessels capable of taking coal either from Montreal or Cape Breton ports, moving it to the Great Lakes area and unloading it at these ports. This is more within the scope of authority of the Federal Government, and close study could determine whether or not assistance in

this way is possible. A.V. Roe (Canada) Limited the parent Company, has large shipbuilding interests and operate Dominion Shipping Co. Ltd. as part of its great corporate system. Could they possibly solve this problem, on their own? A bold imaginative step in this regard would do much to restore confidence and build up good will.

The Provincial Government, the custodian of the coal deposits under the terms of the British North America Act is vitally concerned in continued operation. The Provincial Government is concerned too, because it is estimated that at least thirty per cent of the population of Nova Scotia either directly or indirectly is concerned with the future of Coal Mining in Nova Scotia.

The Provincial Government conscious of its obligation and aware of the impact of this industry on the economy of Nova Scotia has made clear to the Federal Government the seriousness of the situation if any of our coal mines should be closed.

At our own level of Government, Municipal, with real property tax as our principal revenue source for the maintenance of present services and provision of social capital we are, at the present time, in an extremely critical situation with a back-log of un-met needs. We speak particularly of the Town of Glace Bay, a municipal unit dependent on the Corporation for most of our industrial assessment and collection of a large volume of Municipal taxes. Should mines be closed down, should workers be thrown out of work and large scale unemployment ensue, the situation in the Town of Glace Bay would be extremely difficult. And, in speaking of Glace Bay, it must be borne in mind that other Municipal units in this area would be faced with a similar crisis. Roads would have to be maintained as would two local hospitals, the school system, and all other

municipal services designed to serve the Town's population of twenty-five thousand. It is humbly suggested to the Commission that the suggestion of the Gordon Commission, that these people be moved elsewhere is not the simple answer. Surely, it must be obvious to anyone, that if we ought to move the unemployed working force they would require similar municipal services in their new location, they already exist in this community and would have to be abandoned. I think, in all fairness, such a suggestion is economic folly.

HISTORY OF EARLY MINING OPERATIONS

Cape Breton has always had an historical connection with coal mining. The early French Settlers at Louisbourg mined coal at what has been called for many years the French Slope in the New Aberdeen district now part of the Town of Glace Bay. The same French settlers sailed around to Morien where coal was mined and taken to Louisbourg. This was the beginning of the Cape Breton connection with Coal Mining. Off and on the industry has carried on down through the years and it has been said that perhaps in the eighteen sixty's the growth of the Nova Scotia coal industry was typical of that particular time. From the decade 1861 to 1870 we have the beginning of intelligent systematic mining in Nova Scotia. In 1864 licenses to a search, chiefly for coal, and covering some twelve hundred square miles were sought. A great number of these, of course, covered almost wholly land areas. In the early nineties we had the boom caused by the formation of what we now know as Dominion Coal Company.

EARLY COAL MINED

In 1864 the Government of Nova Scotia knew of no fewer than thirty individuals or corporations engaged in coal mining ventures in the Province. But in 1866 there were only

nineteen companies sending reports to the Commissioners of Mines. In 1912 three of the mines of the Dominion Coal Company produced more than did the six largest in 1868. In that same year the production per miner amounted to 175 tons, for the year, while in 1911 the production was 443 tons. It should be noted, however, that mining machines were not even a dream in those early days. Just one hundred years ago Cape Breton mines sold about two and one half times the quantity of coal sold by Pictou County mines. Coal mining, in the early years, was more arduous than today but it has begotten a stout-hearted people rich in its history and loyal to the industry.

The railway from the Old International Mines to Sydney, presently part of the Sydney and Louisbourg Railway, was built in the late eighteen sixties. During the ten years from 1871 to 1880 the coal trade did not sustain the steady rate of increase of the earlier or following years indeed, during the last half of this ten year period, the coal trade could only be said to be marking time. The actual sales of coal for the years 1876 to 1880 were 50,000 tons short of what they had been during the five preceding years. So far as an actual sales increase is concerned the period from 1831 to 1840 is one of the most important in the history of Nova Scotia Coal Mining. During this period it may be said of the industry that it threw off its swaddling clothes and came of age. The increase in sales during these years was 600% in excess of what it had been during the preceding ten years. In 1871 Coal Royalty yielded $52,846.00 to the Province and in 1911 the amount was $591,556.00. In 1874 the first Coal Mines Regulation Act was in force and in that same year the freight on Cape Breton Coal to New York was from $4.25 to $4.50 per ton. On occasions a low rate of $2.50 per ton was charged. In the last year of the 1870's the Provincial Workmen's Association

was formed. Perhaps one of the most notable things in connection with the history of coal Mining in Nova Scotia and one that bears repeating is that in the year 1875 over 700,000 tons of coal were sold without a single fatal accident occuring underground. This is a record which we might well boast of even today.

This is but a brief synopsis of the early history of this important industry. Its early beginnings are closely woven into the life of Nova Scotia. It has roots which go deep, a past rich in the story of industrial development, of toil and strife, victory and defeat. Must it now be abandoned to a barren future forsaken by those of whose very life it forms a part.

E A R L Y M A R K E T I N G

Early marketing of coal was by small coastal vessel, these operating from local ports, served the coastal trade, New England and Newfoundland. Originally the Port of Glace Bay was an important Coal shipping point. The harbour, an artifical one, made by piercing a sandbar, catered to these small boats which were loaded with coal brought directly by rail from nearby collieries. For many years these vessels supplied the markets and reasonably steady employment prevailed. Later as Canada developed and the bigger industrial markets opened up in the Montreal area, Glace Bay fell into disuse as a coal-shipping port and coal was moved by railway to the ports of Sydney, or Louisbourg, loaded in large colliers and taken by water to Montreal. Thus the development of early marketing of coal.

A S S I S T A N C E B Y S U B V E N T I O N

Coal is a vital national resource of Canada, always has been and will be for time to come. Back in 1917, D.H. Mac Dougall, then General Manager of Dominion Steel and Coal, said

in addressing the annual meeting of the Canadian Mining Institute:

> "Nova Scotia Coal at the present time and throughout the whole course of this war has been used for war purposes".

Later in the course of his remarks he stated:

> "It has needed the war to demonstrate the value of coal in another way, that is as the equivalent of gold as a medium of commercial exchange and a stabilizer of currency. The financial strength of Great Britian which is the wonder and admiration of the entire world has been much assisted by her ability to export coal in addition to keeping her own fires burning. It has been a most helpful factor in maintaining British credit and the purchasing value of the pound Sterling."

Strong sentiment, well expressed and, we feel, as true today as it was in 1917. Coal was much to the forefront at all times in the history of Nova Scotia. Beset then, as it is today, with many problems it provoked House of Commons action in 1923. In that year a Committee of the House of Commons and a committee of the Senate inquired into matters pertaining to coal including the possibilities of increased use, in Central Canada of coal produced in the Maritimes and Western Canada. Out of the deliberations of this committee was born a resolution which passed the House of Commons March 31, 1924. Briefly, it stated that in the opinion of the House the time had arrived for Canada to be independent of the United States for a coal supply and that the Government should consider the institution of an all British and Canadian coal supply, and that the policy was both a social and economic necessity to the best interests and future of Canada. Growing out of this attention, directed to the Coal industry, and as the result of various test movements of Nova Scotia coal to Central Canada in the early 1930's, carried out under the auspices of the Board of Railway Commissioners and the Dominion Fuel Board, a policy of subvention assistance was devised. Starting in May, 1931, Order in Council, P.C. 1300, provided for assistance in the movement

of Nova Scotia Coal to points in the Provinces of Quebec and Ontario. Under prevailing conditions then, Nova Scotia coal carried by water from Sydney or Louisbourg, could be delivered at St. Lawrence ports at a cost competitive with American coal but, to enable it to be carried on further from these ports by rail, assistance was granted, varying from one-fifth of a cent per ton mile to one-third of a cent per ton mile. The maximum assistance at that time was $1.50 per ton. In addition coal shipped wholly by rail to points in the Provinces of Quebec and Ontario, during the period from November to April, was granted assistance of one-seventh per cent per ton mile, the maximum being $2.00 per ton. In May of 1932 by P.C. 1048 this scheme for Subvention Assistance was confirmed and coal purchased by the Railways for their own use in Quebec and Ontario was assisted. This assistance was greatly altered by the impact of the second World War when Maritime coal ceased to move into Ontario and shipments to Quebec were curtailed. Orders in Council subsequently provided assistance for the movement of Nova Scotia Coal within Nova Scotia and to the Province of New Brunswick and altered the terms under which assistance was granted on movement of coal to the Province of Quebec. To a great extent this assistance was for the protection of the consumer under the Wartime Price Ceiling Policy. This program of assistance in the movement of coal is being continued. It was increased last year by the Federal Government and the increase on this occasion was supplemented by assistance from the Government of the Province of Nova Scotia. However, assistance by subventions is of little use if markets cannot be found for coal. It is himbly suggested to the Commission that subvention assistance for movement of Nova Scotia coal to Thermal Power Plants should be established, it is further suggested that any Thermal Power Plants in this area should burn coal as a further

aid to our Maritime economy. New markets must be found if coal is to thrive. May we stress to the Commission the urgency of ensuring that Maritime Coal is used in Thermal Power Plants now being built in the Province of Ontario. These Plants will require substantial tonnages of coal each year beginning next year. Surely here is an entirely new market which should be properly alloted to Maritime Coal.

The average cost of moving Nova Scotia Coal under subvention last year amounted to $3.69 (Dominion Coal Board Report 1959-1960). It is expected that sales of Nova Scotia Coal in Quebec and Ontario will reach at least two and one half millions of tons. Increased subventions being paid again this year will, it is hoped, remove the spectre of large stock piles of coal on the Cape Breton horizon. Increased mechanization has increased production in Nova Scotia mines but other rising costs have offset this in a somewhat larger way. Our mines have been called old, gaseous, and having crooked seams and we have been criticized too when our per man-day production record is compared with Western Canadian and United States Mines. However, the picture is a bit encouraging, it is hoped that the operators will pursue a more vigorous sales policy. It is felt that too much attention cannot be paid to the Domestic trade which if developed will take up considerable production. Coal as a Vital Natural Resource deserves special attention, it is still a prime source of Canadian energy. Atomic energy will not be competitive, on a cost basis, except in remote areas, in the forseeable future. Pipelines have and are still being laid, some with public assistance, to supply parts of Ontario and Quebec. Some will be completed before markets, best served by gas, fully develop. Is it not fair to expect that to keep these lines at full capacity, gas producers and gas line operators may, for a limited time, offer gas, in areas now served by coal, at

unreasonably low prices. We feel assistance is necessary to maintain coal in a competitive position with natural gas during the period while a natural gas market is being developed. In the Maritimes oil poses an imminent threat. There is a widespread opinion that gasoline users are subsidizing industrial users of residual oil. If this be so, and proper investigation should determine it, residual oil would possess an unfair advantage over other Canadian fuels. The Coal Subvention Policy designed to assist the Canadian Coal Industry by making its product competitive with one foreign fuel, namely American Coal, is frustrated by the fact that another foreign fuel namely oil, both crude and residual, enters this Country virtually free of duty and moves over our railways at an agreed charge.

To sum up, it is suggested that the Subvention program be continued and expanded to the extent necessary to provide new markets in Ontario at least equivalent in tonnage to that lost because of deiselization of our Canadian Railways, and also steps be taken to correct the situation regarding foreign oil. It is further contended that the Coal Mining Industry is entitled to assistance because we in Nova Scotia, as part of the Maritime area, through taxes, contribute to the subsidization of other industries in Canada. The Commission is aware of the fact that the automobile appliance and other industries in Canada enjoy considerable protection. The trend toward centralization in Central Canada has been subsidized by the favourable freight rates which industries in Central Canada enjoy. Further it might be added that much more study should be devoted to the use of coal as a possible source for further development of thermal power.

In the Province of Ontario, hydro power potential is almost exhausted and industrial demands are increasing at a

a tremendous rate. It is fair to contend to the Commission that Maritime coal should supply the further power needs of the Province of Ontario. It is also fair to suggest that Maritime coal, within reason, is entitled to any assistance which it may require to enable it to compete with American coal. All this is suggested in the light of the fact that Canada is a coal-importer, importing some twelve millions of tons of coal each year from the United States. Is it not fair to suggest that industrial development in the United States as it grows is going to need this coal supply? Is it not fair further to suggest that we in Canada by importing American coal are going to become dependent on the United States for the supply and should the supply in the United States be required for development at home, we will find ourselves in the embarrassing position of being without a coal supplier, and as a result short of power for our own industrial development. This will all follow as a natural conclusion if we fail to husband and protect the coal mining industry in Nova Scotia and make it available as a source of power supply for further industrial development in Central Canada. Time and effort too should be devoted to the study of the new project which has been started this year in the State of Kentucky in which the Nova Scotia Department of highways has shown a keen interest, that is the use of coal in the making of pavement. Perhaps this in itself might provide a source for the use of coal.

ROLE OF THE MINING TOWN

We have spoken of the miner, of his history and his background and we have of course referred to the coal mining Town. We would like to dwell at a little greater length on the role of the mining town in this particular crises. We need not point out to the Commission at any great length that

the mining towns have existed and have a certain vested interest in this problem. The Town of Glace Bay, of which we speak particularly, is one of these. It was a mining community long before its incorporation as a Town in 1901 and has grown with the coal industry. The Town of Glace Bay with its population of twenty-five thousand has been singled out for years as the coal mining capital of Canada. Here we have seen the Coal Mining Industry throw off its swaddling clothes and come of age, we have seen commissions presided over by such noted citizens as Sir Andrew Rae Duncan, Mr. Justice W. F. Carroll and many others come to inquire into the proper development of a vital National Resource, coal. All this has made our Towns aware of their responsibility. That Mr. Commissioner is the principal reason why we appear before you today. We speak not particularly of the Town of Glace Bay, but of the whole group of Towns in the Cape Breton area which look upon this as a threat to their future, a shadow cast over their very existance. The Town of Glace Bay has among its citizens people solely dependent on the Coal Mining Industry for their lievelihood. The Town has built up for its citizens over the years, by prudent management, Municipal Services comparable in a favorable way to any other center in Canada. It has none of the attributes of a big city, it perhaps lacks some of the things that one should like to see in the modern up-to-date town. But at the same time, we pride ourselves on certain things in our Community, on our loyality, on our tradition, on the fact that we are closely connected with the Coal Mining Industry. All this indicates the very important stake we have in the future of Coal Mining. The Town must maintain existing services, it must go on or die. It is not sufficient to say that streets must be allowed to wear out, that bridges be allowed to collapse, that schools fall down

for lack of repair or that many other municipal services have to be abandoned. Our people are entitled to earn a modest living and to raise their families in respectable surroundings. This is no more than the right of any citizen in any Community in Canada. For this reason we are greatly concerned lest we lose a vital industry.

In Nova Scotia over One Hundred Twenty Thousand people are directly affected by the Coal Industry, many more indirectly. We in Glace Bay are part of this group. Must our people live at lower wage levels? Are we to enjoy a lower standard of living? Must our standards of health be lower? Are educational opportunities to be lessened, because coal is not competitive? What do we suggest, what have we to offer by way of help to the Commission. Mr. Commissioner it is suggested that coal does have a future. During war time it was stated that coal was a prime national resource and the attitude of the Federal Government, in time of war, was one of keen interest, interest to the extent that they provided a subsidy to maintain production, and, it is contended, this concern should continue in times of peace. We have it on the word of competent operators in coal mining, that if any of these Cape Breton mines are closed at this time it will be impossible to open them up again because the cost will be too great. By way of a start Mr. Commissioner it is suggested that there should be a leaven of frankness in the relationship between the Operator and the Miner. This is not intended as a criticism of either party, but we do feel that there is something extra needed. Perhaps one might call it an Act of Faith in the future of Coal Mining on the part of Operators. For years the coal miner has been plagued with the spectre of impending unemployment, haunted by the fear of "Slack Time". It strikes us as strange that each time there is talk of

expansion or wage negotiations, the matter of the uncertainty of the Coal Industry is always brought up. We think Mr. Commissioner it is time the coal miner was brought closer in the picture. We cite for the information of the Commission the mechanization recommended by the Royal Commission on Coal in 1946 with special funds made available through Government loans. It is humbly suggested that little effort was made to outline this program to the working force. It was started, it was simply declared that it was going to be done and this was the cure. Now we are told that this program is bogging down, that it is not producing the right coal. We need a firm understanding by the Operator, by the working force, and by all three levels of Government on exactly what the future holds. This is not easy but I suggest we must be told frankly if such be the case, where we have to go, that there is a future, and that the operators believe in that future. If financial assistance is necessary to make this a real live possibility, then it is suggested that it should be forthcoming because coal, a vital industry in time of war is a prime natural resource in time of peace. We cannot jeopardize the future of this resource by closing mines because if these mines are closed, we say again they cannot be reopened at a reasonable cost. The working force is skilled and are particularly adapted to this type of industry and should be encouraged to stay with it. They possess a particular type of training all their own, and uncertainty of employment at present is driving many of the younger members of the working force from Coal Mining. All this, is related in light of the fact, and this was mentioned previously, that Canada is a coal importing country, the great bulk of it coming from the United States. As we look to the future coal will be needed in the United States for their own use. In Ontario Hydro

Resources are almost exhausted, atomic energy is not competitive with coal and natural gas resources are not yet fully proved. Therefore, coal must be preserved as a prime generator of Thermal Power. Coal is capable of still further development as a generator of Thermal Power within the Maritimes. The development of the Maritime Power Grid Distribution System was suggested in the Christie Report. This development now being implemented could be of great benefit to the Maritimes. The Seaboard Power Corporation, a subsidiary of Dosco, has been supplying, in addition to Dominion Coal Company power needs, other domestic customers in the Sydney - Glace Bay area and the publicly owned Nova Scotia Power Commission for customers on the Mainland of Nova Scotia. However, recently the Nova Scotia Power Commission completed a new one hundred ten thousand volt line, across the Strait of Canso and now its plant at Trenton is displacing Seaboard Power Plant as a supplier of electric energy in parts of Cape Breton. Undoubtedly some of the coal used in this Plant will be hauled by rail from Cape Breton. This round-about and expensive way of generating power could be avoided, if Seaboard Power Corporation would join the new Distribution Grid. To do this it would be necessary for Seaboard Power Corporation to build a new line from the City of Sydney to the village of Baddeck in Victoria County to connect with the Power Commission main line. This new line would be a costly venture. The Dosco subsidiary has been invited to join in the Maritime Wide Grid System but so far it has declined to make the expenditure either from its own funds or through assistance by a low cost government loan. Besides resulting in the importation of considerable coal-produced electricity into the Island of Cape Breton. This kind of policy does not reflect a very optimistic outlook for the

future of Cape Breton from the Islands' principal industrial concern. This is one more aspect of the mounting crisis in coal to which the Commission should direct it's attention.

What measures can reasonably be adopted by Operators and by governments to support economic production of coal? There seems to be no doubt that the existing Freight Rate structure places steel and other Maritime manufactured products at a disadvantage over other commodities in the central Canadian market. Effective action to correct this situation to such an extent that it would be economically feasible to produce, at Sydney, all the steel needed for processing, at the proposed new Dosco Plant at Contrecour, would strengthen the economy of this Island and assure a growing market for Cape Breton coal. In 1949 the Maritime Assistance Act was passed to make it possible for the Corporation to mechanize its mines and to construct Wash Plants to clean and grade coal. One Plant is now in operation at the Northside and has proved its worth. However, its capacity is not sufficient to supply the demand for treated and graded coal. Plans have been drawn and re-drawn for a similiar Plant on the Southside in the more than ten years which have passed since this much needed facility was recommended. In the meantime domestic and perhpas industrial consumers have been lost. We are strongly of the opinion that consumer acceptance of these products would be enhanced if varieties of treated and graded coal were available. Construction should be proceeded with as quickly as possible. Although mechanized mining has increased productivity per man per day it has, apparently, increased the amount of ultra fine coal produced and for this commodity it is difficult to find a ready market. A substantial quantity might be sold in the form of briquettes. Total sales of coal in this form have not been great but experimen-

tation might well find additives which would make it more saleable for some industrial use as well as the domestic market. For the latter it might be packaged and sold in retail stores. Thermal Power needs in the Maritimes can be expanded to use Cape Breton coal. We have a prime example of the use of coal in such an endeavour at Seaboard Power Plant, Glace Bay where it has been found to be a top grade steam generator.

For several years now, through the colums of local newspapers, we have been advised that both Newfoundland and Prince Edward Island domestic markets need coal during winter months. Could the Operators take under advisement the possibility of erecting low-cost loading facilities at the port of Glace Bay to be used by small boats to serve this market? The coal could be brought to the port from nearby collieries, the small vessels loaded here, at not too great a cost, to serve the needs of such markets.

In September 1959 the Dominion Coal Company announced that it would be compelled to close, permanently, three of it's Cape Breton mines. The reasons given were the deterioration of markets and a loss of $1,805,345.00. In a private enterprise system and, generally speaking, under any system that one can visualize business should show a reasonable profit. Any loss and more particularly a loss of this magnitude causes apprehension and warrants examination. We do not wish to imply that the Company did not follow accepted accounting procedures or attempted to deceive its shareholders or the public but we do, however, suggest that the picture is not as bad as would appear at first glance. The Company's Profit and Loss Statement shows a loss of $1,805,345.00 for the period August 1, 1958 to July 31, 1959 compared with a profit of $360,466.00 for the seven-month period ending

July 31, 1958. However, the Deficit Account increased from $1,563,629.00 to $2,449,885.00, a net change of $886,256.00 or $919,089.00 less than the reported loss. Two items are responsible for this difference. The first item being additional Subventions received in respect of prior years amounting to $422,848.00 and a transfer of operating and contingent reserves of the Cumberland Railway and Coal Company in the amount of $496,241.00. Springhill disaster expenses, charged to current costs, amounted to $683,449.00 or $187,208.00 more than the operating and contingency reserve directly attributable to that particular part of the operation. It should be noted that the net account remaining in this fund, after this transaction, was $3,381,928.00. During the calendar year, 1958, the mines were idle fifteen days because of lack of markets. In 1959 they were idle for an average of approximately forty days. Since the 1958 closedown came in the latter half of the year and the closedown in 1959 in the first half the cost of both periods was reflected in the fiscal year 1958-1959. Depreciation charged amounted to $1,740,743.00. Accumulated reserves, at the end of the period, were $32[illegible],177,254.00 equivalent to 58.3% of fixed assets valued at $55,021,362.00. The corporation has followed the practice of treating the amounts received in subvention payments in respect of prior years, as a separate item. No fault can be found with this procedure, but, if it were possible to include these credits in the current statement losses would be lessened in the years during which a loss is incurred and a greater profit shown when a profit was earned. We contend that the loss shown for the year 1958 - 1959 was actually much less than at first appeared, that part of it was due to a non-recurring item and the balance due to the shut down periods of two calendar years being reflected in a single fiscal year.

An aggressive sales policy coupled with an increase in Subventions to open up new markets in Ontario would overcome the latter and provide steady employment.

Replacement of the older and more costly mines with new openings would reduce costs and in time lessen the amount of Subvention assistance required and make the product more competitive. Because of the tight money situation and the Dominion Coal Company's shortage of funds for capital purposes we suggest the Commission give earnest consideration to the problem of making funds available. Hitherto the Subvention Policy has been on a year-to-year basis and this fact has thwarted long range planning. A firm but generous Policy established for a period sufficient to permit the company to carry on until the effects of mechanization are fully realized, the anticipated new markets come into existence and new openings are put into production could well result in the provision of new capital money by the Hawker-Siddeley Group, the parent company. Failing this Federal assistance should be made available for the purpose.

Research aimed at finding new uses for coal, better preparation, raising of the fusion point of ash and more efficient coal burning equipment should be continued and pressed vigorously. The Coal Turbine experiment should continue.

For a period of years all this will cost a good deal of money. However, all this money will be spent in Canada, most of it in wages to Canadian workmen.

> "Canada will have huge industrial energy requirements in the forseeable future and, in the opinion of experts on the subject, the tonnages of coal mined and consumed in this Country will greatly increase. From another viewpoint coal, in time of emergency, is an essential element in National Defence"

(Dominion Coal Board Report, 1957-1958, page 10)

"While oil and natural gas may have the glamour associated with relatively new discovery and development, Coal, which may have become prosaic because of its ancient history, will undoubtedly remain a potent and growing force in the industrial and power field. The problem in Canada is to maintain coal mining in the strategic areas of supply so that it may fulfill the role that it will undoubtedly be called upon to play in our economic expansion".

(Dominion Coal Board Report, 1955-1956, page 16)

Canada, through the Colombo Plan, has been helping underdeveloped countries. This help has taken many forms, technical assistance, construction grants, donations of food and other necessities. This great program has enhanced the reputation of Canada as a young and growing nation. Through this Plan wheat and other commodities have been delivered to needy countries. Could Coal be included in this Plan? Is it not much needed in many of these countries? Perhaps this might be taken under advisement by the Federal Government.

It is suggested that the Commission might profitably look to Europe to see what has been done there. The Development Areas Program started in England in the depression years, has now been extended to cover one fifth of the population and in the last fifteen years provided jobs for one and a half million displaced workers. Since 1950 the wealth of the whole of the Northern half of Italy including Sicily and Sardinia, once regarded as the continent's number one poor house has been uplifted by the rise of new smokestacks brought in by a Government plan of tax exemption, direct grants and rail rate reduction. In the first five years along income in that part of the country rose by 61% compared to the national average of 55%. Since 1955 there has been operated in France a scheme in which special equipment bonuses of up to 25% of initial investment are granted and in Holland the Dutch Government has been extending grants of up to 25% for building costs, to firms which establish in backward areas, since 1952. The latest to join this regional economic assistance parade is Belgium which we might add, and we feel sure the Commission is already aware, has coal problems of particular concern to us. Lately in Belgium, approved credit organizations with Government guaranteeing payment of the loan, have made available tax free Capital Grants of up to 30% on buildings, and 10% on equipment. In addition the Government will acquire

land and will help to erect factory buildings much the same as is being done in Nova Scotia by Industrial Estates. The country has been zoned and certain plants have been set aside for special government attention. A typical example of what is being done is the conversion undertaken in the Mons area, the scene of one of the famous battles of world war one. The livlihood of a quarter of a million people, many of whom had depended on now abandoned mines is at stake, and there new factories are being built. It has been said that this type of policy that has been spreading throughout Europe is designed not merely to promote the economic expansion of industrially deficient or declining regions, but also to act as a brake on further development of already over-industrialized areas. There seem to be an awareness in this part of Europe that it is much in a Nation's interest, from an aconomic, social and defence stand point, to strive for diversification so that a lopsided national structure with all industries concentrated in one place will not be so liable to collapse. We think there is a good lesson to be learned by Canadian Government. It is a good example to be followed by both Federal and Provincial Governments. In lagging areas like the Atlantic Provinces, we seek not handouts, we look not for dole but we need such foundation-strengthening measures as tax concessions, low cost loans, a better freight rate deal to attract some of the industries being established by the dozens each day in this developing country. We need in the Maritimes as the Montreal Star said recently, something exceptional, something of a scope this Nation has not attempted before. Surely it can not longer be argued that this cannot be done. Surely what Europe is doing can be repeated here without difficulty. Indeed it is the only way to bring a lasting cure to the chronic sickness of regional backwardness in this part of Canada.

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further development of air-ways over Northern Canada.
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